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21 July 1958

CENTRAL INTELLIGENCE BULLETIN



DOCUMENT NO. 28
NO CHANGE IN CLASS. X
DECLASSIFIED
CLASS. CHANGED TO: TS, S, G
NEXT REVIEW DATE: 2010

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21 July 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

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Soviet political moves: Khrushchev's call for a summit meeting on 22 July is part of the continuing Sino-Soviet diplomatic and propaganda effort to contain and ultimately eliminate the Anglo-American forces in the Middle East. The Kremlin appears confident that the Western intervention can be effectively exploited to strengthen the forces of Arab nationalism and Arab antagonism to the West and draw the UAR and the new Iraqi regime into closer alignment with and dependence on the Sino-Soviet bloc.

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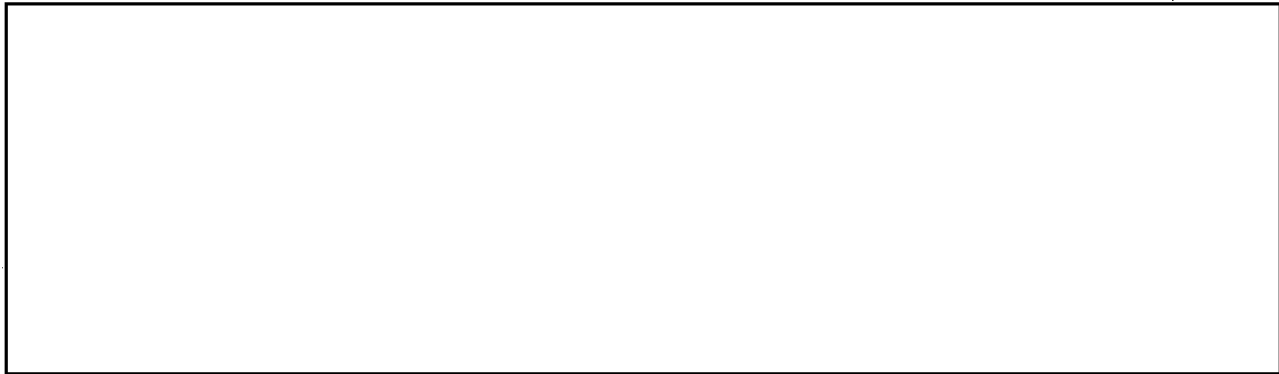
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Approved For Release 2005/05/12 : CIA-RDP79T00975A003800280001-9

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* ~~Free-World~~ reactions to Middle East crisis: Prime Minister Nehru in "gratefully" accepting Khrushchev's invitation to a summit meeting stated that India would welcome negotiations "through the United Nations or otherwise." French and British official reaction is chilly, however, and Japanese Foreign Ministry officials consider the proposal untimely in view of Japan's draft resolution before the UN Security Council. British Labor party leaders and Swedish Prime Minister Erlander have urged acceptance.

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Cambodia: Cambodian Premier Sihanouk's decision to accord diplomatic recognition to Communist China is slated to be announced within the next few days. This development, which will enhance Peiping's status throughout Southeast Asia, particularly among the influential Overseas Chinese communities, will have far-reaching consequences on Cambodia's domestic and foreign affairs. Despite strong fears among other Cambodian leaders that this step will aggravate Communist subversion and endanger American aid, Sihanouk apparently is confident he can safely play both ends against the middle.

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DAILY BRIEF

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I. THE COMMUNIST BLOC

Soviet Proposal for Summit Conference

Khrushchev's proposal for a summit conference on 22 July to take measures to end the "military conflict which has started in the Middle East" reflects the Soviet conviction that the Anglo-American intervention is highly vulnerable to diplomatic and propaganda exploitation. While the letters to the heads of governments of the United States, Great Britain, France, and India provide further evidence of Moscow's determination to make the maximum political capital out of the Western action, they continue to avoid committing the USSR to any specific action in the event of a Western rejection.

Khrushchev's warning that "the world is on the brink of catastrophe" and his reference to Soviet possession of "ballistic rockets of all types, including intercontinental ones" are designed to create the maximum alarm in world opinion in order to bring heavy pressure on Washington and London to limit the scope of their intervention and, ultimately, to withdraw their forces from the Middle East. Probably Khrushchev's immediate aim is to deter any Anglo-American action against Iraq or the UAR.

His new notes climax a flurry of Sino-Soviet bloc moves on a broad front to inhibit any extension of Western operations. These have included government pronouncements and UN action to fan world opinion against the intervention, prompt diplomatic recognition of the Iraqi revolutionary government, military and naval maneuvers in bloc areas adjacent to the Middle East, private diplomatic warnings of bloc counteraction in the event of an attack on Iraq, and statements denying that continued Western access to Middle East oil has been jeopardized by the coup in Iraq.

Khrushchev's proposal suggests the USSR's strategy will be to attempt to force the United States and Britain to reject ostensibly constructive Soviet initiatives for settling the Middle East crisis. The Kremlin almost certainly expects Washington,

London, and Paris to reject the call for a heads-of-government conference. Khrushchev's proposal to include Nehru and Secretary General Hammarskjold in the talks suggests, however, that the USSR hopes to elicit a favorable reaction from them which will increase the discomfiture of Washington and London. The proposal that Hammarskjold be included and that the heads of government submit "concrete recommendations for the cessation of the military conflict" to the UN Security Council are also aimed at undercutting the anticipated Western response that a summit conference is not required because the UN is already actively dealing with the problem.

The Soviet leaders probably believe Khrushchev's proposal will lend additional strength to their long-standing demand for a major voice in any discussion or settlement of Middle Eastern issues. They probably will follow with detailed proposals for a settlement, based on the Soviet formula first advanced in February 1957 to counter the Eisenhower Doctrine. This included renunciation by the major powers of the use of force in the Middle East, abstention from interference in the internal affairs of the Arab states, an embargo on arms shipments to the Middle East, and great-power cooperation in extending economic and technical assistance to the countries in this area.

The tone and content of Khrushchev's letters strengthen the impression that the main Soviet response to the Anglo-American intervention will be confined to the diplomatic and propaganda fields. Despite the obvious attempts to generate maximum alarm throughout the free world about the threat of a global war, the USSR does not appear likely to undertake any commitments which might lead to Soviet military intervention in the Middle East under present circumstances. Moscow hopes to contain and ultimately eliminate the Anglo-American forces in the Middle East, while exploiting the Western action to the full to strengthen the forces of extreme Arab nationalism and Arab antagonism toward the West, and to draw the UAR and the new Iraq regime into ever closer alignment with and dependence on the Soviet bloc.

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Free World Comments on US Policies and on Khrushchev's Summit Proposal

South Asia: Prime Minister Nehru, in "gratefully" accepting Khrushchev's invitation to participate in a summit meeting, stated that India "would welcome a peaceful approach by negotiation through the United Nations or its Security Council or otherwise." The reply reiterated India's opposition to armed intervention by foreign troops, and noted that "we have urged the US and Great Britain to withdraw their forces." Official Indian sources are reported to have expressed doubt, however, that a high-level meeting in the present atmosphere would produce any quick results, and they indicated regret over the "words of threat" used by Khrushchev.

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Greek officials privately expressed delight over the US action, but are being cautious in public comments in order not to lose Arab support on the Cyprus question.

Far East: According to press reports, the Japanese Foreign Ministry feels that Khrushchev's proposal for a summit

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conference is untimely in view of Japan's draft proposal in the UN. Japanese officials regard the move as a propaganda effort.

The Indonesian Government has announced its decision to recognize the new Iraqi republic, apparently in the belief that such action will help forestall Western moves against Iraq.

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Moroccan press reports indicate that the Iraqi coup is accepted with approval as a logical step toward freedom of the Middle East from "colonialist domination." Moroccans at all levels are reported hostile to the American intervention and feel that the use of American troops is further proof that the US is dedicated to colonial policies.

Western Europe: Khrushchev's notes have brought favorable responses from Swedish Prime Minister Erlander and from the British Labor party. Erlander, expressing pleasure at the inclusion of Mr. Hammarskjold among those invited, publicly urged acceptance of the proposal. British Labor Party Leader Gaitskell and his top associates called for quick acceptance of the invitation and may believe this aspect of the Middle East issue offers a safer line for attacking the government than the intervention itself. British press comment also shows considerable sympathy for the idea of early summit talks.

The French Foreign Ministry, following a special meeting between Premier de Gaulle and Foreign Minister Couve de Murville, instructed its missions to state that the Soviet invitation did not appear to be serious, and that the results of the UN Security Council meeting on 21 July would be reviewed before a decision is made on any further initiative.

Latin America: Official reaction to the Middle East crisis ranges from unconditional backing of the US position by some of

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the smaller countries to tentative support of the United States by Mexico. The Communist-infiltrated government of Venezuela has refused to state its position at this time, and several other governments have not yet reached firm positions. Mexican and Brazilian officials warn that a two-thirds vote for the US in the General Assembly might not be forthcoming. Communist-inspired anti-US riots have twice erupted in Buenos Aires, and on 20 July Communists staged a mass meeting of 10,000 in Santiago, Chile, to protest the Anglo-American action.

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Cambodia Set to Announce Diplomatic Recognition of Communist China

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[REDACTED] Cambodia had accorded diplomatic recognition to Communist China. Public announcement of the step, which will involve an exchange of ambassadors, will be made within a few days.

This development, a reversal of Cambodian policy of restricting ties with Peiping to economic and cultural fields, follows several weeks of stage-setting by Premier Sihanouk. The Prince has been alluding to the need for Cambodia to seek a "powerful new ally" in the face of alleged Western indifference to complaints of South Vietnamese border aggression. He is also reported to have "rigged" the Cambodian National Assembly in favor of the decision in advance of its presentation for debate.

Despite strong fears among many influential Cambodians that the step will intensify Communist subversive activity and jeopardize continuation of American aid, Sihanouk apparently is confident he can safely play both ends against the middle. It is possible, however, that open defiance of his power may develop among anti-Communist political and military elements.

Cambodia's recognition of Communist China, which may be a prelude to a conclusion of a bilateral military pact as well, will virtually eliminate Nationalist China's dwindling influence in Cambodia and adversely affect its prestige among Overseas Chinese throughout Southeast Asia. It will also intensify Saigon's hostility toward Sihanouk which is based on the conviction that his accommodation to the Sino-Soviet bloc poses a serious threat to South Vietnam's security. South Vietnam would undoubtedly support any scheme aimed at removing Sihanouk from power.

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